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Committee Economic Wellbeing Committee
Author Colin Drew, Project Leader

Full Cost Account on Physical Inactivity

1. Purpose

To update the Committee on the full cost account (FCA) exercise on physical inactivity, and advise on the next steps.

2. The decision-making process and significance

No decision is being sought in this report.

3. Background

At its meeting on 13 February the Wellington Regional Strategy Committee received the FCA Report and agreed that it be publicly released in conjunction with Auckland Council and Waikato Regional Council. The Committee further agreed to workshop the report findings at its next meeting in April.

The Wellington Region Genuine Progress Index (GPI) sits under the Wellington Regional Strategy (2012). The GPI consists of two parts – an indicator framework and full cost accounting.

3.1 Indicator Framework

The indicator framework assesses progress and trends over time in the form of the Wellington Region GPI (2001-2010) report, published in June 2011. At the time the GPI was published it was proposed to update the GPI biannually. However, due to the delay in census data, the Wellington Regional Strategy (WRS) Committee agreed at its February 2013 meeting to delay the next publication until early 2014. This will follow the release of 2013 census data information and 2013 figures for other statistical datasets which will also be available then.

3.2 Full Cost Account on Physical Inactivity

The second part of the GPI project was to develop a set of accounts to assess the economic value of non-market social, cultural and environmental assets.

This is commonly referred to as full cost accounting. As Auckland Council and Waikato Regional Council were also undertaking GPI exercises, it was agreed to jointly develop a full cost account framework with them. Physical inactivity was selected as a common interest topic because of its negative indicators in the councils respective GPIs.

The full cost accounting component of the GPI has the greatest potential to influence policy more so than the indicators. This is mainly due to the reality that the policy arena is largely dominated by concerns over budgets, costs, and savings, and that an expression of results in dollar terms reaches a much wider audience than an expression in units specific to a particular indicator. Traditional methodologies might determine the costs of unemployment, say, as public investment in related programmes and benefit payments. However other personal and societal costs associated with unemployment (e.g. health and crime) are not considered.

The final FCA report on physical inactivity is appended as **Attachment 1**.

4. Comment

The key findings in the report are:

- the cost of physical inactivity for the Wellington region was assessed at \$141 million in 2010
- there were 246 premature deaths related to inactivity in 2009
- NZ is ranked 27th out of 122 countries as most inactive
- in the Wellington region \$74 million in direct costs is accorded to avoidable disease associated with inactivity

Such findings have implications for a range of council activities and initiatives, including the promotion and development of commuting modes (cycling, walking), events organisation, regional park facilities and community programmes.

Further consideration of the future use of the GPI and how to progress the findings from the FCA report will be workshopped with the WRS Committee at its April 24 meeting.

Officers propose that the Economic Wellbeing Committee has a subsequent workshop that would review the Council's wider interest in the FCA report and how the methodology might be applied to other activities of interest to the council.

In the interim the three councils involved in the project will be investigating ways that the councils can use this material at a national level, for example, through transport activities and sharing information with the public health sector.

5. Communication

A joint press release with Auckland Council and Waikato Regional Council was issued on 13 February 2013. There was considerable media interest at the time, with the focus being on what councils and government should be doing in response to the report findings.

6. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes the opportunity to workshop the report findings and future applications.*

Report prepared by:

Report approved by:

Report approved by:

Colin Drew
Project Leader

Nicola Shorten
Manager Strategy

Jane Davis
General Manager

Attachment 1: The Costs of Physical Inactivity: Towards a regional full cost accounting perspective